
TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL REPORT

APRIL 30, 2013

Town of Litcher

2013 Financial Statements

TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutchter, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Lutchter, Louisiana, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Lutchter's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Lutchter, Louisiana, as of April 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lutchet, Louisiana's basic financial statements. The performance and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Principal Officials and Salaries is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Insurance-in-Force and Public Utility System Operations schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of the Town of Lutchet, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lutchet, Louisiana's internal control over financial reporting and compliance.

Posttethurite: Nathan, Jr.

Donaldsonville, Louisiana
October 18, 2013

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutchter, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Lutchter, Louisiana, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Lutchter, Louisiana's basic financial statements and have issued our report thereon dated October 18, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Lutchter, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Lutchter, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Lutchter, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [13-01].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lutchet, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Lutchet, Louisiana's Response to Findings

The Town of Lutchet, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Lutchet, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postelhumus - Nothwick

Donaldsonville, Louisiana
October 18, 2013

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

This section of the Town of Lutcher's (Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2013. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's combined total net position increased by \$114,074 or 2.43% over the course of this year's operations. Net position of our governmental activities increased \$13,626 or 0.70%. Net position of our business-type activities increased \$100,448 or 3.65%.
- During the year, the Town's governmental type expenses were \$13,626 less than the \$1,062,603 generated in charges for services, taxes, and other revenue. In the Town's business-type activities, expenses were \$100,448 less than the \$1,441,237 generated in revenues.
- The general fund reported a \$751,474 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, drainage, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expense, and changes in net position • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2013

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—Most of the Town's basic services are included here, such as the police, streets and drainage, sanitation, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Town has two kinds of funds:

- Governmental funds—Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

- Proprietary funds—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
- In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position increased between fiscal years ended April 30, 2012 and April 30, 2013 to \$4,794,893. (See Table A-1.)

	Table A-1 Town's Net Position			
	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
Current and other assets	\$ 544,247	\$ 247,806	\$ 648,475	\$ 989,812
Capital assets	1,256,499	1,329,877	2,147,131	1,910,915
Restricted assets	465,621	412,761	337,942	185,481
Total assets	2,266,367	1,990,444	3,133,548	3,086,208
Current liabilities	103,528	65,231	218,813	330,602
Long term liabilities	224,000	-	58,681	-
Total liabilities	327,528	65,231	277,494	330,602
Net position				
Invested in capital assets,				
net of related debt	1,017,499	1,296,877	2,088,450	1,767,915
Reserved for debt service	465,621	412,761	200,487	73,072
Unrestricted (deficit)	455,719	215,575	567,117	914,619
Total net position	\$ 1,938,839	\$ 1,925,213	\$ 2,856,054	\$ 2,755,606

Net position of the Town's governmental activities increased 0.71 percent to \$1,938,839. Net position of the Town's business-type activities increased 3.65 percent to \$2,856,054.

Changes in net position. The Town's total revenues for the year ended April 30, 2013 decreased by \$41,097 to \$2,378,901. Approximately 58.5 percent of the Town's revenue comes from charges for services and 17.1 percent comes from tax collections.

The Town's total expenses for the year ended April 30, 2013 increased by \$55,092 to \$2,264,827. Approximately 53.7 percent of the Town's expenses come from its business-type activities and 46.3 percent come from its governmental activities. (See Table A-2)

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

Governmental Activities

Revenues for the Town's governmental activities increased by \$5,196 or 0.56 percent. Approximately 34.8 percent of these revenues come from taxes and 26.29 percent come from charges for services.

Expenses for the Town's governmental activities decreased by \$13,196 or 1.24 percent. Approximately 32.46 percent of these expenses come from streets and drainage activities and 25.37 percent come from general government activities.

Table A-2					
Changes in Town's Net position					
	Governmental Activities			Business-Type Activities	
	2013	2012		2013	2012
Revenues					
Program revenues					
Charges for services	\$ 246,518	\$ 243,881	\$ 1,144,585	\$ 1,156,036	
Capital grants and contributions	-	-	155,169	288,169	
Operating grants and contributions	32,825	33,889	18,227	-	
General revenues					
Taxes	326,475	399,129	79,890	-	
Commissions	84,710	89,933	-	-	
Licenses and permits	113,998	132,468	-	-	
Fines and forfeitures	10,027	9,384	-	-	
Other revenues	123,110	23,784	43,366	43,325	
Total revenues	937,664	932,468	1,441,237	1,487,530	
Expenses					
General government	266,122	273,099	-	-	
Streets and drainage	340,485	382,011	-	-	
Public safety	203,126	159,414	-	-	
Sanitation	238,471	245,552	-	-	
Debt service	772	2,097	-	-	
Water	-	-	590,449	556,617	
Sewer	-	-	625,401	590,945	
Total expenses	1,048,977	1,062,173	1,215,850	1,147,562	
Other Financing Resources (Uses)					
Transfers in	334,828	150,000	314,889	-	
Transfers out	(209,889)	-	(439,828)	(150,000)	
Total Other Financing Resources (Uses)	124,939	150,000	(124,939)	(150,000)	
Increase (decrease) in net position	13,626	20,295	100,448	189,968	
Beginning net position	1,925,213	1,904,918	2,755,606	2,565,638	
Ending net position	\$ 1,938,839	\$ 1,925,213	\$ 2,856,054	\$ 2,755,606	

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

Business-type Activities

Revenues for the Town's business-type activities decreased by \$46,293 or 3.11 percent. Approximately 79.42 percent of these revenues come from charges for services.

Expenses for the Town's business-type activities increased by \$68,288 or 5.95 percent. Approximately 51.44 percent of these expenses come from sewer activities and 48.56 percent comes from water activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$922,366, an increase of \$293,999 or 46.8 percent from last year.

General Fund Budgetary Highlights

The Town amended its original budget for the fiscal year. Actual revenues and other financing sources exceeded budgeted revenues and other financing sources by approximately 445,000, while actual expenditures were approximately \$32,000 lower than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of April 30, 2013, the Town had invested \$3,403,630 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of \$162,838 or 5.02 percent, compared to last year.

More information about the Town's capital assets is presented in Note 2 to the financial statements.

Table A-3					
Town's Capital Assets					
	Governmental Activities		Business Activities		
	2013	2012	2013	2012	
Land and Improvements	\$ 49,005	\$ 49,005	\$ 49,925	\$ 49,925	
Buildings and Improvements	282,657	282,657	-	-	
Lutcher Park	345,635	345,635	-	-	
Streets	822,604	821,569	-	-	
Drainage	408,535	408,535	-	-	
Equipment	353,081	329,559	179,124	165,267	
Construction in Progress	-	-	140,060	323,809	
Water and Sewer Facility and System	-	-	7,521,877	6,867,811	
Less: Accumulated Depreciation	(1,005,018)	(907,083)	(5,743,855)	(5,495,897)	
Total	\$ 1,256,499	\$1,329,877	\$ 2,147,131	\$ 1,910,915	

This year's major capital asset additions included:

- Raw water intake project totaling \$650,186.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

The Town's fiscal year 2013-2014 capital budget estimates the continued spending of approximately \$1,570,000 for Water Improvement Projects. The Town has issued General and Limited Tax Bonds for Water Improvement Projects which include improvements and additions to the Water intake structure.

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$337,681 as compared to \$192,246 in the prior year, an increase of \$145,435 or 75.65 percent. (See Table A-4) This increase is due to the net activity of issuing new bonds and payments of annual requirements. More information about the Town's long-term liabilities is presented in Note 3 to the financial statements.

Table A-4 Town's Outstanding Debt					
	Governmental Activities			Business Activities	
	2013	2012		2013	2012
General Obligation Bonds	\$ 239,000	\$ 33,000		\$ -	\$ -
Water - General Obligation Bonds	-	-		98,681	-
Sewer Revenue Bonds	-	-		-	159,246
Total	\$ 239,000	\$ 33,000		\$ 98,681	\$ 159,246

NEW ACCOUNTING PRONOUNCEMENT IMPLEMENTED

The Town of Lutcher implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year ending April 30, 2013. GASB 63 provides guidance for the reporting deferred outflow of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from taxes (sales & property) and garbage fees at 35% and 26% of total revenues, respectively. The economy is not expected to generate any significant growth. Expenditures are expected to increase in the streets and drainage department for street improvements. Increases in the sewer and water funds are also expected for improvements to the waterworks system and sewer lines.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Vanessa Roussel, Town Clerk, PO Box 456, Lutcher, LA 70071.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET POSITION
APRIL 30, 2013

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<u>ASSETS</u>			
Cash	\$ 471,018	\$ 444,246	\$ 915,264
Receivables:			
Taxes	48,423	4,778	53,201
Accounts, net	24,004	185,962	209,966
Other receivables	802	-	802
Other current assets	-	13,489	13,489
Restricted assets:			
Cash	465,621	337,942	803,563
Capital assets (net)	1,256,499	2,147,131	3,403,630
Total assets	2,266,367	3,133,548	5,399,915
<u>LIABILITIES</u>			
Accounts payable	72,754	59,112	131,866
Customer service meter deposits	-	93,900	93,900
Accrued payables	15,774	25,801	41,575
Long-term liabilities			
Bonds payable	224,000	58,681	282,681
Due within one year	15,000	40,000	55,000
Total liabilities	327,528	277,494	605,022
<u>NET POSITION</u>			
Net investment in capital assets	1,017,499	2,088,450	3,105,949
Restricted for			
Debt service	465,621	200,487	666,108
Unrestricted	455,719	567,117	1,022,836
Total net position	\$ 1,938,839	\$ 2,856,054	\$ 4,794,893

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions:							
Governmental activities:							
General government	\$ 266,122	\$ -	\$ 32,825	\$ -	\$ (233,297)	\$ -	\$ (233,297)
Streets and drainage	340,485	-	-	-	(340,485)	-	(340,485)
Public safety	203,126	-	-	-	(203,126)	-	(203,126)
Sanitation	238,471	246,518	-	-	8,047	-	8,047
Debt service	772	-	-	-	(772)	-	(772)
Total governmental activities	1,048,976	246,518	32,825	-	(769,633)	-	(769,633)
Business-type activities:							
Sewer	625,401	697,969	18,227	-	-	90,795	90,795
Water	590,449	446,616	-	155,169	-	11,336	11,336
Total business-type activities	1,215,850	1,144,585	18,227	155,169	-	102,131	102,131
Total primary government	\$ 2,264,826	\$ 1,391,103	\$ 51,052	\$ 155,169	(769,633)	102,131	(667,502)
General revenues							
Taxes:							
					125,575	79,890	205,465
Ad valorem					200,900	-	200,900
Sales taxes					84,710	-	84,710
Commissions					113,998	-	113,998
Licenses and permits					10,027	-	10,027
Fines and forfeitures					124,939	(124,939)	-
Transfers (to)/from other funds					123,110	43,366	166,476
Other revenue					783,259	(1,683)	781,576
Total general revenues and transfers							
Change in net position					13,626	100,448	114,074
Net position, beginning					1,925,213	2,755,606	4,680,819
Net position, ending					\$ 1,938,839	\$ 2,856,054	\$ 4,794,893

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2013

	General	Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 471,018	\$ -	\$ 471,018
Receivables:			
Taxes	48,423	-	48,423
Interest	67	66	133
Accounts, net	24,673	-	24,673
Restricted assets:			
Cash	294,795	170,826	465,621
Total assets	<u>\$ 838,976</u>	<u>\$ 170,892</u>	<u>\$ 1,009,868</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 72,754	\$ -	\$ 72,754
Accrued payables	14,748	-	14,748
Total liabilities	<u>87,502</u>	<u>-</u>	<u>87,502</u>
<u>FUND BALANCE</u>			
Restricted for debt service	-	170,826	170,826
Restricted for capital outlay	248,203	-	248,203
Assigned	-	66	66
Unassigned	503,271	-	503,271
Total fund balance	<u>751,474</u>	<u>170,892</u>	<u>922,366</u>
Total liabilities and fund balance	<u>\$ 838,976</u>	<u>\$ 170,892</u>	<u>\$ 1,009,868</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2013

Total fund balances - governmental funds		\$	922,366
Cost of capital assets at April 30, 2013	2,261,517		
Less: accumulated depreciation as of April 30, 2013	<u>(1,005,018)</u>		1,256,499
Long-term liabilities at April 30, 2013			
Bonds payable	(239,000)		
Accrued interest payable	(1,026)		
Unearned revenue	<u>-</u>		<u>(240,026)</u>
Total net position at April 30, 2013 - governmental activities		\$	<u>1,938,839</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER**Lutcher, Louisiana****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****ALL GOVERNMENTAL FUNDS****YEAR ENDED APRIL 30, 2013**

	General	Debt Service	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 125,575	\$ -	\$ 125,575
Taxes	200,900	-	200,900
Commissions	84,710	-	84,710
Garbage fees	246,518	-	246,518
Licenses and permits	113,998	-	113,998
Intergovernmental revenue	34,941	-	34,941
Fines and forfeitures	10,027	-	10,027
Interest revenue	225	597	822
Other revenue	120,172	4	120,176
Total revenues	937,066	601	937,667
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	258,220	-	258,220
Streets and drainage	277,501	-	277,501
Public safety	191,997	-	191,997
Sanitation	238,471	-	238,471
Debt expenditures:			
Principal retirement	16,000	33,000	49,000
Interest and bond issue costs	7,611	807	8,418
Total expenditures	989,800	33,807	1,023,607
<u>EXCESS OF REVENUES</u>			
<u>OVER EXPENDITURES</u>	(52,734)	(33,206)	(85,940)
<u>OTHER FINANCING SOURCES (USES)</u>			
General obligation bonds issued	255,000	-	255,000
Transfers in (out)	334,828	(209,889)	124,939
Total other financing sources (uses)	589,828	(209,889)	379,939
<u>NET CHANGE IN FUND BALANCE</u>	537,094	(243,095)	293,999
<u>FUND BALANCE</u>			
Beginning of year	214,380	413,987	628,367
End of year	\$ 751,474	\$ 170,892	\$ 922,366

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2013

Total net changes in fund balance - governmental funds		\$	293,999
Capital assets:			
Capital outlay capitalized	24,557		
Depreciation expense for the year ended April 30, 2013	<u>(97,935)</u>		<u>(73,378)</u>
Long-term debt:			
Bond proceeds	(255,000)		
Principal portion of debt service payments	49,000		
Excess of interest paid over interest accrued	<u>(995)</u>		<u>(206,995)</u>
Change in net position - governmental activities		\$	<u>13,626</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
APRIL 30, 2013

	Sewer Fund	Water Fund	Total
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 292,401	\$ 151,845	\$ 444,246
Accounts receivable (net of allowance for uncollectibles)	128,068	62,672	190,740
Other current assets	3,354	10,135	13,489
Total current assets	423,823	224,652	648,475
<u>NONCURRENT ASSETS</u>			
<u>RESTRICTED ASSETS</u>			
Cash	10	337,932	337,942
Total restricted assets	10	337,932	337,942
Capital assets, net	980,607	1,166,524	2,147,131
Total noncurrent assets	980,617	1,504,456	2,485,073
Total assets	1,404,440	1,729,108	3,133,548
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable	14,791	44,321	59,112
Customer meter deposits	-	93,900	93,900
Accrued payables	8,406	17,395	25,801
Bonds payable due within one year	-	40,000	40,000
Total current liabilities	23,197	195,616	218,813
<u>NONCURRENT LIABILITIES</u>			
Bonds payable	-	58,681	58,681
Total noncurrent liabilities	-	58,681	58,681
Total liabilities	23,197	254,297	277,494
<u>NET POSITION</u>			
Net investment in capital assets	980,607	1,107,843	2,088,450
Restricted for debt service	-	200,487	200,487
Unrestricted	400,636	166,481	567,117
Total net position	\$ 1,381,243	\$ 1,474,811	\$ 2,856,054

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHERLutcher, Louisiana**PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION****YEAR ENDED APRIL 30, 2013**

	Sewer Fund	Water Fund	Total
<u>OPERATING REVENUES</u>			
Charges for service			
Sales	\$ 317,962	\$ 432,732	\$ 750,694
Use of oxidation pond	372,051	-	372,051
Delinquent charges	7,956	13,884	21,840
Ad valorem taxes	-	79,890	79,890
Miscellaneous revenues	11,419	30,837	42,256
Total operating revenues	709,388	557,343	1,266,731
<u>OPERATING EXPENSES</u>			
Professional services	25,736	10,763	36,499
Payroll taxes	10,122	12,650	22,772
Retirement	9,344	11,884	21,228
Insurance	41,601	100,056	141,657
Office supplies and postage	1,574	8,412	9,986
Miscellaneous	39,845	53,000	92,845
Salaries	144,534	186,673	331,207
Oxidation pond/water plant analysis and treatment	12,293	6,164	18,457
Electricity	70,074	24,264	94,338
Materials, supplies, and repairs	73,813	67,351	141,164
Depreciation	182,186	65,772	247,958
Total operating expenses	611,122	546,989	1,158,111
<u>OPERATING INCOME (LOSS)</u>	98,266	10,354	108,620
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Capital grants	18,227	155,169	173,396
Interest revenue	41	1,069	1,110
Bond issue costs	-	(42,674)	(42,674)
Interest expense	(14,279)	(786)	(15,065)
Total nonoperating revenues (expenses)	3,989	112,778	116,767
<u>Income before transfers and contribution:</u>	102,255	123,132	225,387
Transfers in	-	314,889	314,889
Transfers out	(439,828)	-	(439,828)
<u>CHANGE IN NET POSITION</u>	(337,573)	438,021	100,448
Net position, beginning	1,718,816	1,036,790	2,755,606
Net position, ending	\$ 1,381,243	\$ 1,474,811	\$ 2,856,054

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2013

	Sewer Fund	Water Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 700,804	\$ 529,098	\$ 1,229,902
Cash paid to employees and suppliers	(422,365)	(488,960)	(911,325)
Other receipts from operations	11,419	30,837	42,256
Net cash provided by (used in) operating activities	<u>289,858</u>	<u>70,975</u>	<u>360,833</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Maturities of certificates of deposit and investments	-	42,659	42,659
Interest and dividends from investments	41	1,069	1,110
Net cash provided by investing activities	<u>41</u>	<u>43,728</u>	<u>43,769</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers from (to) other funds	(439,828)	314,889	(124,939)
	<u>(439,828)</u>	<u>314,889</u>	<u>(124,939)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(4,880)	(479,294)	(484,174)
Capital grant received	18,227	155,169	173,396
Bond proceeds received	-	100,781	100,781
Principal payments on long-term debt	(159,246)	(2,100)	(161,346)
Bond issue costs paid on long-term debt	-	(42,674)	(42,674)
Interest paid on long-term debt	(14,279)	(786)	(15,065)
Net cash used in capital and related financing activities	<u>(160,178)</u>	<u>(268,904)</u>	<u>(429,082)</u>
Net increase (decrease) in cash and cash equivalents	(310,107)	160,688	(149,419)
Cash and cash equivalents - beginning of year	602,518	329,089	931,607
Cash and cash equivalents - end of year	<u>\$ 292,411</u>	<u>\$ 489,777</u>	<u>\$ 782,188</u>
Cash and cash equivalents - end of year			
Cash - current	\$ 292,401	\$ 151,845	\$ 444,246
Cash - restricted	10	337,932	337,942
	<u>\$ 292,411</u>	<u>\$ 489,777</u>	<u>\$ 782,188</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2013

	Sewer Fund	Water Fund	Total
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>			
<u>CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 98,266	\$ 10,354	\$ 108,620
Adjustments to reconcile operating loss to net cash provided by operating activities -			
Depreciation	182,186	65,772	247,958
Bad debt provision	(834)	(167)	(1,001)
Amortization of bond issue costs	10,639	-	10,639
Changes in assets and liabilities -			
Increase in receivables	2,835	2,592	5,427
Decrease in prepaid expenses and other assets	(3,354)	(14,913)	(18,267)
Increase (decrease) in accounts payable and other liabilities	120	7,337	7,457
Net cash provided by operating activities	<u>289,858</u>	<u>70,975</u>	<u>360,833</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

1. **Summary of Significant Accounting Policies**

The Town of Lutcher, Louisiana was incorporated on March 13, 1912, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Lutcher conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Statement No. 61 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Town of Lutcher. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

1. **Summary of Significant Accounting Policies** (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

The Town reports the following major enterprise funds:

- a. Water Fund – This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- b. Sewer Fund – This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

1. **Summary of Significant Accounting Policies** (continued)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

1. **Summary of Significant Accounting Policies** (continued)

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts included in the financial statements include the original adopted budget, and the final amended budget.

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, certificates of deposit, and federal obligations are stated at market value. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

1. **Summary of Significant Accounting Policies** (continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town has elected not to report major general infrastructure assets retroactively. The Town began reporting infrastructure assets beginning May 1, 2005.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	7-40 years
Land Improvements	20 years
Lutcher Park	20-40 years
Streets	20 years
Drainage	20-25 years
Equipment	5-20 years

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40 years
Waterworks system	40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

All fixed assets are stated at historical cost.

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

1. **Summary of Significant Accounting Policies** (continued)

Accumulated Unpaid Vacation

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Equity Classifications

Government-wide Statements: In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements: In the fund financial statements, governmental fund equity is classified as fund balance. Accounting standards require governmental fund balances to be recorded in as many as five classifications as listed below:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board of Aldermen, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the Town reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

TOWN OF LUTCHER

Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

1. Summary of Significant Accounting Policies (continued)

Interfund Balances / Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town carries commercial insurance for all risks of loss.

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended April 30, 2013, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Total
Cost at April 30, 2012	\$ 49,005	\$ 282,657	\$345,635	\$821,569	\$408,535	\$ 329,559	\$2,236,960
Additions	-	-	-	1,035	-	23,522	24,557
Deletions	-	-	-	-	-	-	-
Cost of Capital Assets April 30, 2013	49,005	282,657	345,635	822,604	408,535	353,081	2,261,517
Accumulated depreciation April 30, 2012	3,596	182,554	273,012	114,938	108,163	224,820	907,083
Additions	496	7,251	3,536	41,383	20,388	24,881	97,935
Deletions	-	-	-	-	-	-	-
Accumulated depreciation April 30, 2013	4,092	189,805	276,548	156,321	128,551	249,701	1,005,018
Capital Assets, net of accumulated depreciation at April 30, 2013	\$ 44,913	\$ 92,852	\$ 69,087	\$666,283	\$279,984	\$ 103,380	\$1,256,499

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

2. **Capital Assets** (continued)

Depreciation expense of \$97,935 for the year ended April 30, 2013 was charged to the following governmental functions:

General Government	\$ 11,702
Streets and Drainage	72,425
Public Safety	13,808
	<u>\$ 97,935</u>

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets					
April 30, 2012	\$ 49,925	\$ 6,867,811	\$ 165,267	\$ 323,809	\$ 7,406,812
Additions	-	3,880	13,857	466,437	484,174
Deletions	-	-	-	-	-
Transfers		650,186		(650,186)	-
Cost of Capital Assets					
April 30, 2013	49,925	7,521,877	179,124	140,060	7,890,986
Accumulated depreciation					
April 30, 2012	15,087	5,383,179	97,631	-	5,495,897
Additions	16	232,358	15,584	-	247,958
Deletions	-	-	-	-	-
Accumulated depreciation					
April 30, 2013	15,103	5,615,537	113,215	-	5,743,855
Capital Assets, net of accumulated depreciation at					
April 30, 2013	\$ 34,822	\$ 1,906,340	\$ 65,909	\$ 140,060	\$ 2,147,131

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

3. Changes in Long-term Debt

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2013:

	<u>Balance</u> <u>4/30/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>4/30/13</u>
Governmental activities:				
General Obligation Refunding				
Bonds, Series 1998	\$ 33,000	\$ -	\$ 33,000	\$ -
General Obligation Bonds,				
Series 2012A	-	255,000	16,000	239,000
	<u>\$ 33,000</u>	<u>\$ 255,000</u>	<u>\$ 49,000</u>	<u>\$ 239,000</u>
Business-type activities:				
Sewer Revenue Bonds, Series 1992	\$ 16,246	\$ -	\$ 16,246	\$ -
Sewer Revenue Bonds, Series 2009	143,000	-	143,000	-
\$1.1 million General Obligation				
Bonds, Series 2012	-	100,781	2,100	98,681
	<u>\$ 159,246</u>	<u>\$ 100,781</u>	<u>\$ 161,346</u>	<u>\$ 98,681</u>

Bonds payable at April 30, 2013 were comprised of the following individual issues:

Governmental activities:

General Fund

\$255,000 of General Obligation Bonds, Series 2012A;
due in various semi-annual installments,
including interest at 3%, through March 1, 2027.

\$ 239,000

Business-type activities:

Water Fund

\$1.1 million of General Obligation Bonds, Series 2012;
due in various semi-annual installments,
including interest at 2.95%, through March 1, 2032.

\$ 98,681

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

3. **Changes in Long-term Debt** (continued)

The annual requirements to amortize all debt outstanding as of April 30, 2013, including interest payments of \$134,761, are as follows:

<u>Year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 55,000	\$ 37,540	\$ 92,540
2015	57,000	36,120	93,120
2016	31,681	24,711	56,392
2017	15,000	5,580	20,580
2018 - thereafter	179,000	30,810	209,810
	<u>\$ 337,681</u>	<u>\$ 134,761</u>	<u>\$ 472,442</u>

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, maintenance of various deposit accounts and funds, and other administrative requirements.

4. **Ad Valorem Taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2013 taxes of 7 mills were levied on property with assessed valuations totaling \$15,043,366 for general purposes. Additional taxes of 6.6 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended April 30, 2013 totaled approximately \$204,590.

5. **Transfers to/from Other Funds**

Interfund transfers at April 30, 2013, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 334,828	\$ -
Debt Service Fund	-	209,889
Water Fund	314,889	-
Sewer Fund	-	439,828
	<u>\$ 649,717</u>	<u>\$ 649,717</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

6. Individual Funds with Deficits

Expenses / expenditures exceeded revenues during the fiscal year ended April 30, 2013 for the following funds:

Debt Service Fund	\$ 243,095
Sewer Fund	337,573

The deficit was covered by the fund balance carried forward from previous years.

7. Defined Benefit Pension Plan

Substantially all employees of the Town of Lutcher are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Lutcher are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

7. **Defined Benefit Pension Plan** (continued)

a. **Municipal Employees' Retirement System of Louisiana (System)** (continued)

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary, and the Town of Lutcher is required to contribute at an actuarially determined rate. The rate being paid by the Town was 8.0 percent of annual covered payroll for the period 5/1/2012 – 4/30/13. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Lutcher are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Lutcher's contributions to the System under Plan B during the year ending April 30, 2013, 2012, and 2011 were \$31,832, \$27,034, and \$21,736, respectively. These amounts were equal to the required contributions for each year.

8. **Segments of Enterprise Activities**

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended April 30, 2013 for these services are as follows:

	Sewer Fund	Water Fund	Total
Operating revenues	\$ 709,388	\$ 557,343	\$ 1,266,731
Depreciation	\$ 182,186	\$ 65,772	\$ 247,958
Income from operations	\$ 98,266	\$ 10,354	\$ 108,620
Net income (loss)	\$ (337,573)	\$ 438,021	\$ 100,448
Acquisitions of capital assets	\$ 4,880	\$ 479,294	\$ 484,174
Net working capital	\$ 400,626	\$ 29,036	\$ 429,662
Total assets	\$ 1,404,440	\$ 1,729,108	\$ 3,133,548
Outstanding revenue bonds	\$ -	\$ 98,681	\$ 98,681
Total equity	\$ 1,381,243	\$ 1,474,811	\$ 2,856,054

9. **Restricted Assets**

Under the terms of the bond indentures for the general obligation bonds and the limited tax bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

As of April 30, 2013, the Town was in compliance with all related debt covenants.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

10. Cash and Certificates of Deposit

At April 30, 2013, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 200
Demand deposit accounts / savings accounts	915,064
	<hr/>
Total	915,264
Certificates of deposit	-
	<hr/>
Total deposits	\$ 915,264
	<hr/>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

11. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2013, the Town's bank balances totaled \$1,739,988. Of these bank balances, \$500,000 was covered by federal depository insurance, \$50,063 was covered by securities investor protection corporation insurance, and \$1,189,925 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

12. Restricted Fund Balance

Fund balance is restricted as follows:

	General Fund	Debt Service Fund	Water Fund	Total
Restricted for:				
Bond retirement	\$ -	\$ 170,826	\$ 200,487	\$ 371,313
Capital outlay	248,203	-	-	248,203
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 248,203	\$ 170,826	\$ 200,487	\$ 629,516
	<hr/>	<hr/>	<hr/>	<hr/>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2013

13. **Commitments**

Leases that do not meet criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2013, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2014	\$ 224,484
2015	224,484
2016	224,484
2017	224,292
2018	<u>111,096</u>
	<u>\$ 1,008,840</u>

14. **Litigation and Claims**

The Town of Lutcher is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

15. **Subsequent Events**

In preparing the financial statements, the Town of Lutcher has evaluated events and transactions for potential recognition or disclosure through August 16, 2013. The Town of Lutcher will be involved in several projects in the upcoming year. Projects include painting of the water tower, a water plant project, and a water valve project. The Town of Lutcher has issued \$1,100,000 of General Obligation Bonds, as well as \$470,000 of Limited Tax Bonds for the purpose of capital improvements and additions to the Town's Waterworks System. The aforementioned projects will be funded by grants and/or the bond issuance and have been accounted for in the April 30, 2014 budget.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2013

	Original Budget	Final Amended Budget	Actual
<u>REVENUES</u>			
Taxes	\$ 300,000	\$ 278,000	\$ 326,475
Commissions	102,000	83,500	84,710
Garbage fees	245,000	243,800	246,518
Licenses	120,000	113,000	113,998
Intergovernmental revenues:			
Beer	1,500	1,000	1,187
Video poker	1,000	900	929
Grants	8,000	32,825	32,825
Fines	10,000	9,500	10,027
Interest revenue	1,000	200	225
Other revenue	934,000	118,045	120,172
Total revenues	<u>1,722,500</u>	<u>880,770</u>	<u>937,066</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	684,525	278,908	258,220
Streets and drainage	810,500	312,153	277,501
Public safety	202,200	205,900	191,997
Sanitation	246,000	225,000	238,471
Debt expenditures:			
Principal retirement	-	-	16,000
Interest and bond issue costs	-	-	7,611
Total expenditures	<u>1,943,225</u>	<u>1,021,961</u>	<u>989,800</u>
<u>EXCESS (DEFICIENCY) OF</u>			
<u>REVENUES OVER EXPENDITURES</u>	(220,725)	(141,191)	(52,734)
<u>OTHER FINANCING SOURCES (USES)</u>			
General obligation bonds issued	-	-	255,000
Transfers in	200,000	200,000	334,828
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>589,828</u>
<u>NET CHANGE IN FUND BALANCE</u>	(20,725)	58,809	537,094
<u>FUND BALANCE</u>			
Beginning of year	<u>185,652</u>	<u>185,652</u>	<u>214,380</u>
End of year	<u>\$ 164,927</u>	<u>\$ 244,461</u>	<u>\$ 751,474</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2013

	Original Budget	Final Amended Budget	Actual
<u>GENERAL GOVERNMENT</u>			
Salaries	\$ 127,300	\$ 126,980	\$ 125,165
Planning and zoning	2,000	500	462
Professional fees	13,500	14,000	12,189
Electricity	10,000	11,000	9,302
Insurance	40,200	36,600	34,044
Supplies and maintenance	3,000	10,000	13,205
Miscellaneous	415,925	18,528	8,201
Retirement	4,500	6,000	5,738
Office expenses	30,500	28,900	22,193
Payroll taxes	8,400	9,200	9,003
Per diem	-	-	1,689
Capital outlay	12,500	-	1,141
Dues and subscriptions	1,500	2,500	2,312
Education and conventions	4,000	1,500	1,181
Computer	2,500	2,500	1,961
Telephone	8,700	10,700	10,434
Total general government	<u>684,525</u>	<u>278,908</u>	<u>258,220</u>
<u>STREETS AND DRAINAGE</u>			
Salaries	74,000	91,500	87,963
Miscellaneous	6,000	9,500	9,222
Gasoline, oil, and diesel	6,000	3,500	2,669
Street drainage and ditching	6,000	8,500	7,568
Street signs	2,000	2,000	1,232
Truck and tractor expense	6,000	8,000	5,398
Supplies and maintenance	60,000	78,000	71,254
Electricity	65,000	72,000	64,030
Capital outlay	564,500	6,253	12,261
Insurance	17,500	26,500	10,232
Retirement	3,000	5,400	4,866
Uniforms	500	1,000	806
Total streets and drainage	<u>810,500</u>	<u>312,153</u>	<u>277,501</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2013

	Original Budget	Final Amended Budget	Actual
<u>PUBLIC SAFETY</u>			
Salaries	\$ 121,300	\$ 119,700	\$ 116,792
Gasoline and oil	8,200	10,500	9,243
Uniforms	1,000	2,000	1,755
Telephone	3,000	3,500	2,871
Insurance	37,500	36,200	32,699
Vehicle expenses	4,000	5,000	4,196
Supplies and maintenance	3,000	7,000	5,960
Office supplies	2,000	7,500	6,406
Payroll taxes	10,000	9,500	9,319
Printing & publishing	500	500	-
Miscellaneous	11,700	4,500	2,756
Total public safety	<u>202,200</u>	<u>205,900</u>	<u>191,997</u>
<u>SANITATION</u>			
Solid waste disposal	<u>246,000</u>	<u>225,000</u>	<u>238,471</u>
Total sanitation	<u>246,000</u>	<u>225,000</u>	<u>238,471</u>
 Total all departments	 <u>\$ 1,943,225</u>	 <u>\$ 1,021,961</u>	 <u>\$ 966,189</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2013

A. SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Lutcher, Louisiana as of and for the year ended April 30, 2013.
2. One significant deficiency relating to the audit of the financial statements are reported in Part B of this schedule. This deficiency (13-1) is considered a material weakness.
3. No instances of noncompliance relative to the financial statements of the Town of Lutcher, Louisiana were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

MATERIAL WEAKNESS

13-1 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to the following:

- A documented review of monthly bank reconciliations

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Cause: The Town's accounting staff is limited to two individuals, and although review procedures over monthly bank reconciliations are being performed, proper documentation of the review is not present.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- Documented review of bank reconciliations on a monthly basis.

Management's Response: We concur with the finding and document review of monthly bank reconciliations.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

none

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2013

FINDINGS - LOUISIANA LEGISLATIVE AUDITOR

Limited Review of Financial Records, Report dated April 3, 2013

Summary results of advisory work performed by Louisiana Legislative Auditor included the following internal control deficiencies/issues:

- Lack of comprehensive written policies and procedures to guide all business/financial operations
- Need for training regarding the preparation of financial statements
- Accounting duties not adequately segregated for a proper system of checks and balances
- Lack of controls over purchases, including the use of credit cards.

Management's Response:

- Management will begin to compile a written policy/procedure guide for all business/financial operations
- Management intends to continue to use the external auditors' to assist in preparation of the financial statements. All information will be reviewed in detail and approved. Town management will accept responsibility for the financial statement and its disclosures and content
- Management has made changes in order to segregate duties for a system of proper checks and balances including mayor review of all year-end journal entries, mayor review of bank reconciliations on a monthly basis, and a documented review of all invoices to be paid.
- Management has made changes to credit card procedures. The Town Clerk is now in possession of all cards except for two credit cards kept in the two police vehicles. Purchases have to be approved prior to obtaining the credit card. Once purchase is complete, the card and all documentation is submitted to the Town Clerk.

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2013

SIGNIFICANT DEFICIENCIES

12-1 Design of Internal Control over Financial Statement Preparation

Condition: There is inadequate design of internal control over the preparation of the financial statements being audited. Significant journal entries were proposed to allow the financial statements to accurately reflect the Town's operations.

Current Status: The Town intends to continue to use the external auditors' to assist in preparation of the financial statements. All information will be reviewed in detail and approved. Town management will accept responsibility for the financial statement and its disclosures and content.

MATERIAL WEAKNESS

12-2 Segregation of duties

Condition: There is inadequate segregation of duties within the Town's accounting department. In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to the following:

- A review of non-routine transactions over the period-end financial reporting process.
- A review of monthly bank reconciliations
- Document approval of invoices either individually or by way of a detailed listing.

Current Status: The Town has added procedures for the documented review of all year-end journal entries. This is being performed by the Mayor. The Town has added procedures for the documented review of all invoices. The Board of Aldermen is presented with a detailed listing of current bills at monthly board meetings. Invoices are reviewed and approval of the invoices is documented on the detailed listing by signature of the board members and Mayor.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

none



Mayor
Rowdy K. Scott

Aldermen
Donald J. Batiste, Sr.
Thomas D. George
Danny B. Manuel
Darlene F. Riley
Patrick P. St. Pierre

Town of Lutchet

St. James Parish
P. O. Box 456 Lutchet,
Louisiana 70071
Telephone: (225) 869-5823
Fax: (225) 869-9628



Town Clerk
Vanessa C. Roussel

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

CORRECTIVE ACTION PLAN

October 18, 2013

Louisiana Legislative Auditor

The Town of Lutchet respectfully submits the following corrective action plan for the year ended April 30, 2013.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: May 1, 2012 – April 30, 2013

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

13-01 SEGREGATION OF DUTIES

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- Documented review of bank reconciliations on a monthly basis.

Action Taken: Management will begin documenting review of monthly bank reconciliations.

FINDING - LOUISIANA LEGISLATIVE AUDITOR

Limited Review of Financial Records, Report dated April 3, 2013

Summary results of advisory work performed by Louisiana Legislative Auditor included the following internal control deficiencies/issues:


- Lack of comprehensive written policies and procedures to guide all business/financial operations
- Need for training regarding the preparation of financial statements
- Accounting duties not adequately segregated for a proper system of checks and balances
- Lack of controls over purchases, including the use of credit cards.

Action Taken:

- Management will begin to compile a written policy/procedure guide for all business/financial operations
- Management intends to continue to use the external auditors' to assist in preparation of the financial statements. All information will be reviewed in detail and approved. Town management will accept responsibility for the financial statement and its disclosures and content
- Management has made changes in order to segregate duties for a system of proper checks and balances including mayor review of all year-end journal entries, mayor review of bank reconciliations on a monthly basis, and a documented review of all invoices to be paid.
- Management has made changes to credit card procedures. The Town Clerk is now in possession of all cards except for two credit cards kept in the two police vehicles. Purchases have to be approved prior to obtaining the credit card. Once purchase is complete, the card and all documentation is submitted to the Town Clerk.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Vanessa Roussel at (225) 869-5823.

Sincerely,



Vanessa Roussel
Town Clerk

PERFORMANCE AND STATISTICAL DATA

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE
(Without Audit)

April 30, 2013

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
General Liability (business, auto, crime, law enforcement & public officials)	Risk Management, Inc.	May 1, 2013	\$ 2,000,000
Boiler & Machinery Equip.	Rod Prejean & Assoc.	May 1, 2013	\$ 3,445,000
Public Officials Bond	Rod Prejean & Assoc	January 24, 2014	\$ 10,000
Commercial Property	Englade Boudreaux	June 12, 2013	\$ 2,545,500
FHA Bond	Rod Prejean & Assoc	January 27, 2014	\$ 70,000
Tractor Equipment	Englade Boudreaux	March 2, 2014	Various limits totaling \$ 94,659
Governmental Crime Policy	Rod Prejean & Assoc	March 23, 2014	\$ 10,000
Vehicle Physical Damage	Rod Prejean & Assoc	May 1, 2013	\$ 549,493
Water Intake Structure Inland Marine	Englade Boudreaux	November 15, 2013	\$475,000

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2013
(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2013 the number of metered customers was 1,418 and 1,322 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2013.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2013 for water and sewer services:

(1) Water

The water rates to all water suppliers and to all water customers as users of the Town water system are as follows:

Residential Customers

0 – 2,500 gallons	\$14.77 (base rate)
Over 2,500 gallons	\$2.50 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 10,000 gallons	\$35.00 (base rate)
Over 10,000 gallons	\$3.00 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 20,000 gallons	\$50.00 (base rate)
Over 20,000 gallons	\$3.00 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 50,000 gallons	\$65.00 (base rate)
Over 50,000 gallons	\$2.50 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2013
(Without Audit)

Statistics on System Operations (continued)

(2) Sewer

The rates and charges for all customers and users of the sewerage treatment and disposal system of the Town are hereby established as follows:

Residential Customers	\$ 15.00 (flat rate)
Small Commercial Customers	\$ 40.00 (flat rate)
Medium Commercial Customers	\$ 90.00 (flat rate)
Large Commercial Customers	\$ 180.00 (flat rate)

(c) Average monthly billing per customer during the year ended April 30, 2013:

1. Water	\$ <u>25.33</u>
2. Sewer	\$ <u>18.38</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2013

	<u>Address</u>	<u>Phone Number</u>	<u>Salaries during the year ended April 30, 2013</u>
Mayor:			
Rowdy K. Scott	1596 Cabanose Avenue Lutcher, Louisiana 70071	(225) 869-9672	\$ 19,200
Aldermen:			
Patrick St. Pierre	P.O. Box 1128 Lutcher, Louisiana 70071	(225) 869-1050	5,500
Darlene Riley	P.O. Box 659 Gramercy, Louisiana 70052	(225) 258-4301	5,475
Donald Batiste	P.O. Box 599 Lutcher, Louisiana 70071	(225) 869-4076	5,525
Danny Manuel	P. O. Box 89 Lutcher, Louisiana 70071	(225) 869-8092	5,475
Thomas George	1727 Cabanose Ave Lutcher, Louisiana 70071	(225) 869-4650	5,500
Chief of Police:			
Dwan Bowser	2344 N. Exchange Alley Lutcher, Louisiana 70071	(225) 869-4163	28,800
			<hr/>
			<u>\$ 75,475</u>